

THE IMPACT OF THE EUROPEAN UNION COMMON AGRICULTURAL POLICY ON THE INTENSIFICATION OF ANIMAL FARMING IN BULGARIA, ROMANIA, AND THE COUNTRIES THAT HAVE SIGNED ASSOCIATION AGREEMENTS WITH THE EU

A GUIDANCE MEMO FOR TINY BEAM FUND.
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01

KEY MESSAGES

- The total number of livestock farms in the EU fell by over 37% between 2005 and 2016. During the same time, the number of animals raised in the EU rose to 131 million livestock units. Over 72% of animal-derived products come from Europe's largest farms, which utilize intensive production methods.
- Intensification of animal farming can be observed even in Bulgaria and Romania, two middle-income countries, which otherwise may be seen as outliers within the EU. Despite the falling number of farm animals, both countries have experienced a sharp increase in the number of animals raised at large farms (over 100 LSU) in recent years. As a result, the market production of animal-based foods in Bulgaria and Romania is becoming increasingly dominated by very large commercial entities.
- The Common Agricultural Policy is the main driver of structural changes in the EU livestock sector. The animal farming industry in the EU receives between €28 billion and €32 billion in subsidies per year. In countries like Bulgaria and Romania, CAP subsidies are used by the livestock sector to finance a shift towards more intensive production.
- The ongoing intensification of animal farming in Europe is not mitigated by the EU animal welfare laws. Due to the gaps in coverage and weak enforcement of the EU animal welfare directives and regulations, many species of farmed animals are left without any effective protection.

02

KEY MESSAGES

- 82% of the EU citizens believe the welfare of farmed animals should be better protected than it is now. The EU Chief Veterinary Officers are also of the same opinion. Having recognized the need for stronger protection, the European Commission has started working on new, more stringent animal welfare rules.
- The EU candidate countries should encourage local farmers to go beyond the already existing animal welfare standards. This will enable farmers to reach the growing number of consumers for whom animal welfare is a major concern, and make them eligible to receive animal welfare premiums, once their countries join the EU.

03

1. THE COMMON AGRICULTURAL POLICY AT A GLANCE

The Common Agricultural Policy (hereinafter CAP) is a [complex set of policies and regulations governing the European Union agricultural sector](#) (McMahon 2019).

Launched in 1962 to secure the EU against food shortages that were common in the post-war era, CAP has undergone several major revisions since its founding, which have moved it away from its original purpose (Knudsen 2009).

In its current form established in 2013, [the CAP's main aim is to ensure the stability of farmers' income and provide grounds for sustainable development of rural communities](#). More recently, climate change mitigation has also been added to CAP's purposes.

The importance of CAP for the European Union is best exemplified by the amount of money that has been earmarked for its financing. For the 2014-2020 financial period, the EU secured a total of EUR 373 billion, a sum that accounts for almost 39% of the EU budget. [No other sector of the EU economy receives so much public support](#).

04

1.1 Two Pillars of CAP Budget

The CAP budget is divided into two parts known as “pillars”, each with a different policy aim attached to it.

Pillar I, or the European Agricultural Guarantee Fund, accounts for around 75% of the CAP budget and is used to make direct payments to farmers based on the area they farm.

Pillar II, the European Agricultural Fund for Rural Development, covers the remaining 25% of the CAP budget. It pays for programs that support the development of rural communities, organic farming, environmental and nature conservation, as well as climate change mitigation. The first pillar is financed entirely from the EU budget, while the second pillar is co-financed by the EU and the Member States.

1.1.1 Pillar I: Direct Payments

Direct payments, which constitute the crux of Pillar I, come in two major forms. They may be “coupled” to production or “decoupled” from it. Coupled direct payments are linked to certain products, and granted to farmers based on the amount produced, e.g. per liter of milk, or linked to “production inputs”, e.g. number of livestock raised. Decoupled payments are linked to the area of agricultural land a farmer owns.

05

In practice, around 90% of direct payments are decoupled from production, and the entitlements are matched to eligible land (the more farmland farmers own, the higher the amount of public subsidies they collect). On average, farmers throughout the EU receive EUR 267 per hectare. However, as we will show later in the Memo, not all EU farmers are eligible to receive direct payments.

1.1.2 Pillar II: Rural Development Policy

The CAP's second pillar - the rural development policy - differs from the first one not only in its aims but also in design. It is only the general framework of Pillar II that is decided on the EU level, while its practical implementation is left to the Member States.

The EU provides all its members with a fixed “menu of measures”, and the members then choose which items from the “menu” they would like to incorporate in their own regional development plans (hereinafter RDP). The cost of such plans is shared between the EU and national budgets.

For the 2014-2020 financial period, the EU earmarked approximately EUR 100 billion for Pillar II, and the Member States provided an additional EUR 61 billion.

06

Depending on the priorities set by the Member States themselves, funds from the second pillar can be spent on programs enhancing farm viability and competitiveness of agricultural enterprises, promoting social inclusion, restoring, preserving, or enhancing ecosystems dependent on agriculture and forestry, as well as poverty reduction and economic development in rural areas.

Since 2003, Pillar II has also provided funding for programs designed to enhance farmed animal welfare beyond the mandatory minimum requirements set by the EU directives. Unfortunately, the so-called Measure 14 is rarely used in practice. As a result, [between 2014 and 2020, only 1.5% of the funds in Pillar II were spent on animal welfare premiums](#) (we will come back to this issue later in the Memo).

2.DISTRIBUTION OF SUBSIDIES AND POLICY OUTCOMES FOR THE ANIMAL FARMING INDUSTRY

Given how the CAP's built-in, direct support is designed, it should not be surprising that [agricultural subsidies are distributed very unequally across farms of different sizes](#).

07

In the majority of the EU countries, **80% of the CAP direct payments go to roughly 20% of the farms** (European Commission 2019). In the so-called New Member States (i.e. countries which joined the EU in 2004 or later), this distribution is even more unequal. Bulgaria and Romania, two of the newest Member States, provide particularly striking examples of this phenomenon, as Table 1 clearly shows.

Table 1: Distribution of CAP Direct Payments for selected Member States (2015)

Member State	The top x% of beneficiaries	Received x% of the CAP direct payments
France	1,2	9
Spain	1,3	23,4
Germany	1,2	28,4
Italy	0,8	26,3
UK	0,9	14,4
Poland	2,0	28,5
Romania	1,1	51,7
Hungary	0,9	38,5
Bulgaria	1,1	45,6

Source: Peuch, et al. 2015: 32.

A very large part of the CAP direct subsidies goes to the animal farming industry.

Livestock farmers operating in the EU benefit both from decoupled and coupled payments. As **68% of all farmland in the EU is dedicated to feeding livestock*** (Eurostat 2019), most of the decoupled payments go directly to the animal farming industry.

*39.1 million hectares of cereals and oilseeds and 70.7 million hectares of grassland on 161 million hectares of agricultural land in EU27.

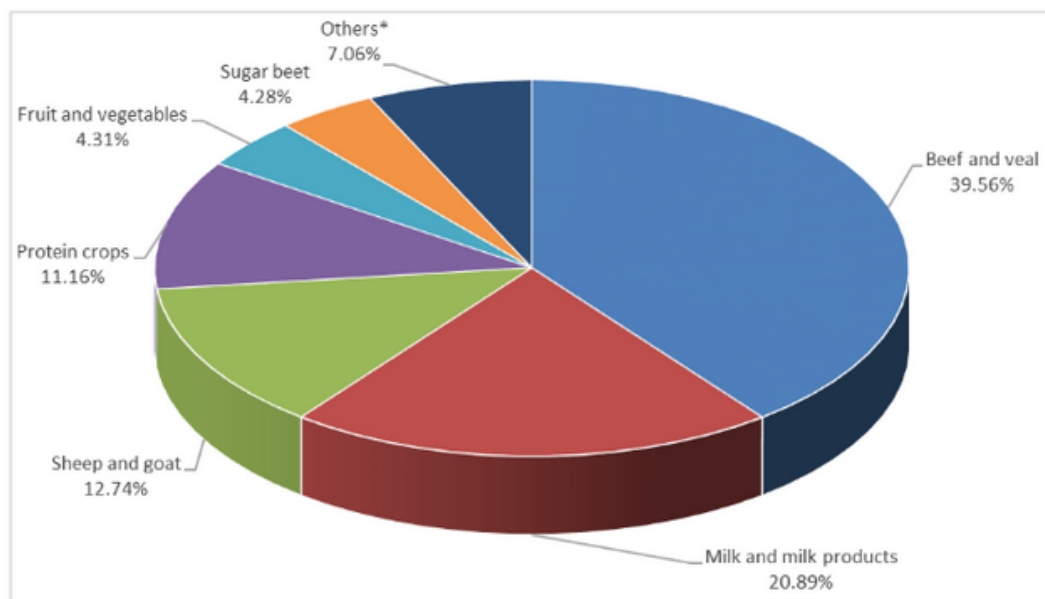
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The exact amount of the decoupled payments transferred each year to the animal farming industry in such a way is not known (the EU does not collect such data), but various estimates put this number between EUR 25 and 29 billion (Greenpeace 2019).

When it comes to coupled payments, the picture is much clearer, as the EU collects precise data pertaining to them (European Commission 2020a). [The EU spends EUR 4.24 billion per year on the so-called voluntary coupled support \(VCS\). In 2020, 75% of this sum went to the livestock sector.](#)

Specifically, the beef and veal sector received EUR 1 683 million (on average EUR 88 per animal), the milk and milk products sector claimed EUR 889 million (EUR 79 per animal), and the sheep and goat meat sector got EUR 550.9 million (EUR 13 per animal).

In total, the animal farming industry in the EU receives between EUR 28 billion and EUR 32 billion in coupled and decoupled subsidies per year.

Chart 1. Share of the financial allocation per sector (claim year 2020)

Others*: Cereals, Olive oil, Rice, Grain legumes, Starch potato, Nuts, Seeds, Hops, Hemp, Oilseeds, Silkworm, Flax

Source: European Commission 2020: 3

These funds contribute heavily toward the ongoing trend of intensification of animal farming in Europe:

- Between 2005 and 2016 37,6% of livestock farms in the EU closed down*. The remaining livestock farms got bigger on average, they have become more specialized in rearing one type of animal, and have been using larger stocking densities (Chemnitz 2019).
- As a result of these changes, more than three-quarters of livestock units** in the EU are now reared on very large, commercial farms with a standard annual output of over EUR 100,000.

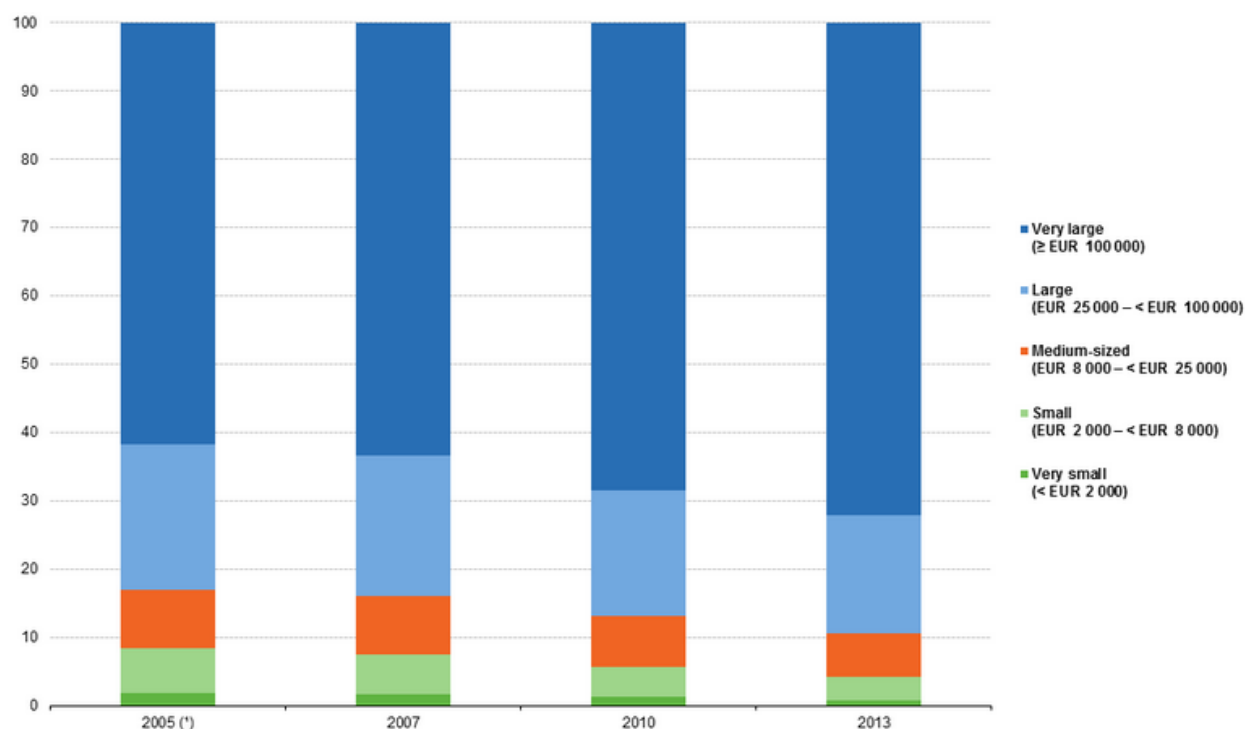
*More recent data will become available in 2022 once the 2020 Agricultural Census is completed.

**The livestock unit, abbreviated as LSU, is a reference unit which facilitates the aggregation of livestock from various species and age as per convention.

10

- The scale of this concentration is best exemplified by the pig and poultry breeding industries. Pig farms with more than 2,000 animals each represent only 0.3% of the EU fattening pig farms, but, at the same time, they contain 16% of the EU's pig population. Large poultry farms, with more than 40,000 animals each, represent only 0.1% of laying hen farms, while containing 59% of the EU's laying hen population (Breuer et al. 2019: 13).

Chart 2. Share of livestock units, by the economic size of the farm, EU-28, 2005–2013 (% of total)



(*) Excluding Croatia.

Source: Eurostat 2018

11

While the trend towards growing intensification and specialization of animal farming can be observed throughout the whole European Union, it does not happen in all Member States at the same rate. Two countries, in particular, may be seen as outliers within the EU. Bulgaria and Romania have both observed consolidation and intensification of the agricultural sector, but, overall, their livestock industry remains fragmented and is still based on very large numbers of small, semi-subsistence farms (Hubbard and Misheva 2014).

3.THE IMPACT OF CAP ON ANIMAL FARMING IN BULGARIA

Bulgaria joined the EU on 1 January 2007. Since then, the Bulgarian animal farming sector has undergone some major restructuring towards farm consolidation, increasing specialization, and intensification of production. However, due to the underlying structure of the local agriculture and the fact that CAP was designed mostly with the original Member States in mind, major disparities between Bulgaria and other EU countries can be observed (Kostadinova 2017).

12

3.1 The 1990s and Early 2000s

At the end of the socialist era, the Bulgarian agricultural sector was dominated by very large, state-owned, agro-industrial combines which operated within a framework of a centrally planned economy (Rangelova and Vladimirova 2016).

In 1991, with the passing of the Law on Ownership and Use of Agricultural Land*, a long and tumultuous process of returning the land to its original owners (i.e. people who held the land prior to its collectivization in 1946) was started in the country. As a result, over the next few years, most of the agricultural land and other agricultural assets were privatized.

By the end of the 1990s, the process of land privatization resulted in a highly dualistic structure of the Bulgarian agriculture. On the one hand, there existed a very large number of small semi-subsistence farms that were engaged in mixed production (vegetable growing and small scale animal breeding) mostly for private consumption. On the other hand, a small number of huge commercial entities were formed and quickly amassed 70% of the useable agricultural area (UAA).

*ЗАКОН за собствеността и ползването на земеделските земи (Загл. изм. –ДВ, бр. 14 от 2015 г.).

13

In March 1993, Bulgaria signed an association agreement with the European Union that came into effect in January 1995. Five years later, the country gained access to funds from the EU Special Accession Programme for Agriculture and Rural Development (SAPARD)* and started to gradually prepare its rural sector for the implementation of the Common Agricultural Policy (Nikolova 2008).

3.2 Developments Since 2007

In Bulgaria, the CAP came into effect in 2007. As in other new EU Member States, the support of the Common Agricultural Policy was phased in over the period from 2007 to the end of 2015**. Under the SAPARD and other pre-accession EU programs, approximately EUR 3068 million were transferred into the Bulgarian agricultural sector.

Since 2007, Bulgaria has absorbed, on average, about EUR 1 billion per year under the CAP (Rangelova and Vladimirova 2017).

*SAPARD was established in June 1999 by the Council of the European Union to help countries of Central and Eastern Europe deal with the problems of the structural adjustment in their agricultural sectors, the implementation of CAP and related legislation in national laws.

** During the first years following the accession of the country to the EU, farmers in Bulgaria received limited funding in comparison to the old Member States. Direct payments started in 2007 at ~30% of the amount of funding provided to the old Member States, and then gradually increased to reach 70% in 2013. The remaining resources from the direct payments, up to their full amount, were allocated to Pillar II, and used to finance the Bulgarian Rural Development Program. The period of staged increases in payments ended in 2016. Since then, Bulgarian agricultural producers receive the full payment. All new EU Member States go through such a transition period.

14

This very large influx of EU money resulted in a fast-occurring transformation of the Bulgarian agricultural sector along the following lines (Rangelova and Vladimirova 2017, Beluhova-Uzunova et al. 2018, Kaneva 2018):

- **A sharp decrease in the number of farms:** Between 2005 and 2016, the number of farms fell from 534,000 to 202,000. The sharpest decrease in numbers has been noted among the smallest, semi-subsistence farms, each managing no more than 2 hectares of UAA. 71% of them disappeared during the said period. A less pronounced but still very substantial fall occurred in the same period among the 2 ha to 4,9 ha class, where 50% of the farms closed down.
- **Growth in the average size of farms:** Bulgaria was experiencing a sharp increase in the average size of farms, from 7.3 hectares in 2007 to 12.1 ha in 2010, and 22 ha in 2016. Significantly, the average size of farms belonging to the +100 ha class is showing constant, rapid growth. In 2005, farms forming this group managed, on average, 538.5 hectares. 5 years later, this number increased to 671.7 ha (for comparison, during the said period, the average size of the farms over 100 hectares was 264 hectares in the EU-27, Valkanov 2013)*.

*It is worth noting that the average size of the largest 477 farms in Bulgaria reached 2,430 ha. Together, these farms cultivate 1.16 million ha, which comprises 38% of the total arable land in Bulgaria. There is no other country in the EU where such large farms operate. In the USA, the largest and the most profitable farms usually control below 1,200 ha of arable land (Economic Research Institute 2016: 135).

15

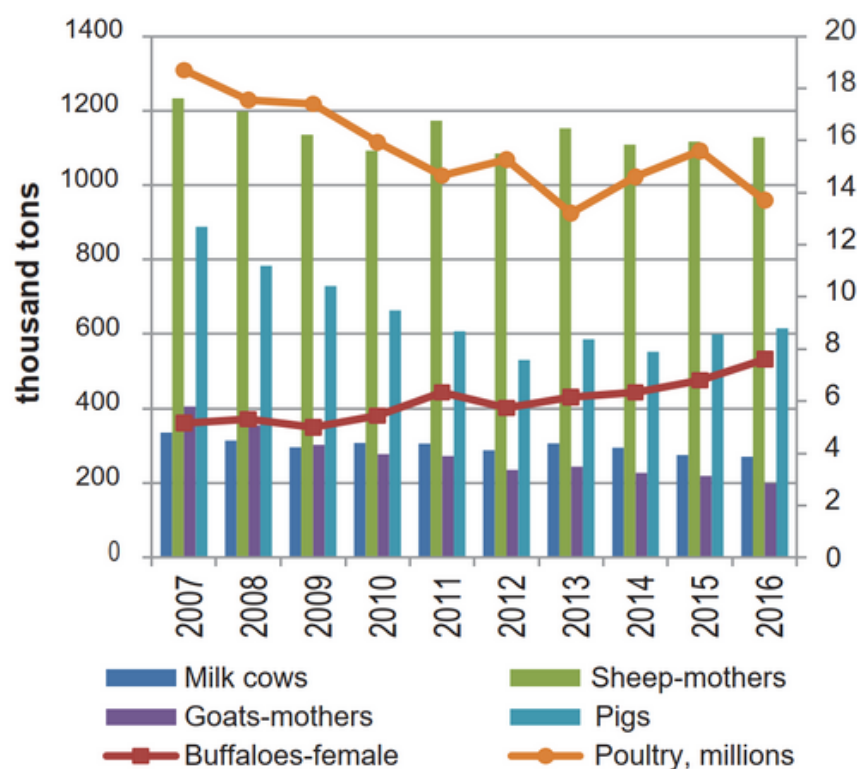
- In 2010, there were 5,490 such farms in Bulgaria, and together they represented 1.5% of all agricultural holdings. In 2016, the number of such holdings increased to 6,060, and they now represent 3% of all the farms in the country.
- A growing concentration of land and capital in the hands of a few, large commercial entities: In Bulgaria, 1.5% of all registered farms cultivate 82% of the UAA. The owners of these farms collect 42% of all direct subsidies granted to Bulgarian farmers. There is only one country in the EU where a similar percentage of CAP payments is received by the top 1% of the farmers - it is Romania.
- A move towards monoculture: Bulgaria is reorienting its agriculture away from animal farming and vegetable growing towards grains and industrial crop production. At the beginning of the century, livestock breeding was responsible for 50%, and crop production for about 45% of the Gross Value Added (GVA) in agriculture. In 2016, crop production accounted for 70% of the GVA in agriculture, and livestock breeding for 25%. 93% of the UAA in Bulgaria is now used to cultivate grain and industrial crops.

16

- **A large decrease in the number of farmed animals:** Between 2005 and 2016, 71.6% of all livestock farms in Bulgaria closed down. As a result, the number of goats farmed in the country diminished almost by a half (49%), the number of milking cows fell by ~20%, the number of pigs and poultry by 30%, and the number of sheep by 8%. Overall, between 2005 and 2016, the number of livestock units decreased from 1.3 million to 1.1 million* in Bulgaria.
- **An increase in the number of large commercial farms holding more than 100 LSU:** In 2003, there were 540 such farms in Bulgaria (of which 120 held more than 500 LSU). In 2010, their number reached 840 (of which 150 held more than 500 LSU), and in 2016 - 1170 (of which 180 with more than 500 LSU).
- **An increase in the number of animals raised at very large farms:** Between 2003 and 2010, the number of animals raised at farms below 5 LSU decreased in Bulgaria from 908,000 LSU to 345,000 LSU. On the other hand, the number of animals raised at farms over 100 LSU increased from 104,000 LSU to 382,000 LSU during the same period.

*Recent news reports suggest that the actual number might be even lower. According to sources cited by the Bulgarian news portal Mediapool, many local farmers artificially inflate the number of animals they own to receive higher subsidies. Representatives of one of the producers associations were even able to uncover a case where an individual farmer claimed very substantial subsidies based on 5000 “virtual animals”. Some industry insiders claim that up to 20% of farmed animals officially registered in Bulgaria might exist only on paper (Nikolov 2020).

Chart 3 Dynamics of livestock number, per kind.



Source: Kaneva, et al. 2018: 63.

All these changes result from the way in which the Common Agricultural Policy has been implemented in Bulgaria. Direct subsidies granted under Pillar I constitute the main driver of change in this regard (Valkanov 2013, Economic Research Institute 2016, Ivanov 2018)*.

In 2007, Bulgaria introduced the so-called "single area payment scheme" in which the amount of the subsidies received by beneficiaries is determined solely on the size of the UAA of a given farm (Davidova 2011). The minimum requirement to receive direct payments was set at 0.5 ha of UAA per beneficiary.

*As in all other Member States, Bulgaria also utilizes Pillar II funding, but its impact on the development of the local agriculture sector is much less significant than that of direct subsidies (Economic Research Institute 2016).

18

On average, eligible farmers received EUR 220 per hectare in direct subsidies (although this amount varied considerably over time due to the gradual nature of the CAP payments introduction in the country, Ivanov 2020). Until 2016, there were no limits in the amount of subsidies given to a beneficiary. Later, a 5% reduction of direct payments for amounts over EUR 150,000, and 100% for amounts over EUR 300,000 was introduced (Atanassova-Kalaydzhieva 2019).

Aside from decoupled payments, Bulgaria has been also granting voluntary coupled support to eligible farmers. During the 2007-2013 CAP period, the amount of money transferred in such a way was insignificant compared to the subsidies granted on the basis of land owned (VCS comprised only 3% of the Pillar I budget).

After 2013, the share of coupled payments within the Pillar I budget increased to 4.7% in 2014, 8.1% in 2015, and 16.6% in 2016 (Trapp and Lakner 2018: 17).

During the 2017-2020 period, over a half (52.2%) of the VCS granted in Bulgaria went to livestock farmers (beef and veal producers received 11.3%, milk producers 29.2%, sheepmeat and goatmeat producers 11.7% of coupled payments)*.

*After joining the EU, Bulgaria was also granted the option to use the so-called “transitional national payments” for farmers, in order to compensate for the lower levels of direct payments in the first years of the CAP. Initially, most of these funds went towards the soft fruit sector. Since the end of the 2015, when the direct payments fully phased in, Bulgarian government has been mostly using the national payments to subsidise the tobacco industry, as well as cattle, buffalo, sheep, and goat breeders (European Commission 2017).

19

This transfer of direct subsidies encouraged a very rapid land consolidation and reorientation of agricultural production away from extensive animal breeding and horticulture that traditionally represented the main area of specialization in Bulgarian agriculture, and towards the cultivation of low-risk, easy-to-grow commodity crops.

As the authors of the EU Agriculture Atlas explain, since small farms are not eligible for most of the CAP funding, they are doomed to be bought up by larger farms or taken out of production. “In Bulgaria, the rising concentration of land means the production of vegetables and livestock, which can be cultivated successfully in a small area, has declined in favor of large-scale cereal monocultures” (Chemnitz 2019: 37, see also Ivanov 2018).

As a result of these policy changes, small livestock farms relying on extensive production methods have been forced to cease their activities, and for-the-market production of meat, milk, and other animal source foods is becoming increasingly dominated by very large, capital-heavy entities that can utilize economies of scale, and therefore are less dependent on public subsidies.

Table 2. Structure of Bulgarian agriculture 2007-2016 (%)

Sectors	2007	2010	2013	2016
Cereals	15.9	26.0	32.7	32.7
Industrial crops	11.2	23.1	22.6	26.9
Forage plants	3.2	6.0	4.9	2.2
Vegetables	15.5	5.7	3.6	4.8
Potatoes	1.8	1.9	1.6	0.7
Fruit	7.7	3.8	4.1	5.0
Cattles and bulls	5.8	3.7	3.4	4.4
Pigs	5.8	3.7	4.2	4.1
Sheep and goats	5.6	3.8	3.0	2.9
Poultry	6.3	5.8	4.7	4.0
Other animals	0.7	0.7	0.1	0.1
Milk	15.6	11.6	11.5	9.1
Eggs	3.9	3.7	2.7	2.1
Other animal products	1.1	0.8	0.9	0.9

Source: Beluhova-Uzunova, et al. 2018: 31.

4.THE IMPACT OF CAP ON ANIMAL FARMING IN ROMANIA

Like Bulgaria, Romania joined the EU on 1 January 2007. Prior to joining the Union, both countries had undergone a similar transformation from a state-controlled economy to a market-based system.

21

4.1. The 1990s and Early 2000s

The 1991 Romanian Law on Land Resources* established a procedure for returning agricultural land to its pre-collectivization owners. As a result, **by 1999, resources previously controlled by 411 state-owned farms and 3,776 rural cooperatives were repossessed between more than 3.3 million titleholders** (Brooks and Meurs 1994, Aligica and Dabu 2003).

The newly rearranged Romanian agricultural landscape became dominated by a very large number of small, semi-subsistence farms that were poorly equipped, had a relatively low yield, made an incomplete use of the owners' work, and used most of the production for their own consumption (Luca 2007: 2).

Romania applied for EU membership in 1995. Four years later, the country was invited to open formal negotiations for accession, and the Special Accession Programme for Agriculture and Rural Development was established by the EU. The first SAPARD funds started to reach Romanian farmers in 2003.

Initially, the EU support for Romanian agricultural producers was relatively low. In the first year when SAPARD became fully operational in Romania, the country received just EUR 4.5 million. However, during the following years, the support started to gradually increase, and by 2007, the SAPARD funding in Romania reached over EUR 260 million (Hubbard and Luca 2014).

*Legea fondului funciar nr. 18/1991.

22

4.2. Developments Since 2007

In 2008, following the accession to the EU, eligible Romanian farmers started to receive direct payments under Pillar I. Like most of the new Member States, Romania decided to apply the Single Area Payment Scheme and set the minimum threshold for farm eligibility at one hectare. Decoupled payments were phased in over several years. The annual flat rate per hectare started at EUR 50, and gradually increased to EUR 120 in 2012, finally reaching almost EUR 200 in 2020.

Table 3. Evolution of support for agriculture and rural development from national and European funds in the period 2003-2016 (effective payments per calendar years – mil. EUR)

Element	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Pillar 1						474	601	682	805	1021	1305	1390	1072	2184
Pillar 2	5	175	147	184	261	195	432	740	1257	856	1316	1771	1519	927
State Aid	326	555	575	557	1093	1039	975	976	1004	840	948	687	741	489
Total	331	730	722	741	1354	1708	2008	2398	3066	2717	3569	3848	3332	3600

Source: Cvijanović et al. 2019: 166.

The full implementation of CAP in Romania has brought rather inconsistent results (Feher et al. 2017, Hubbard and Luca 2014, Popescu et al. 2016):

- **A decline in the number of farms:** Between 2003 and 2016, over 1 million Romanian farms stopped their operations. In 2003, there were almost 4.5 million farms in Romania. 13 years later, their number decreased to 3.42 million. **Despite this fall, Romania still has the largest number of farms in the whole EU.** For example, Romania has twice as many farms as Poland, and 12 times more farms than Germany.

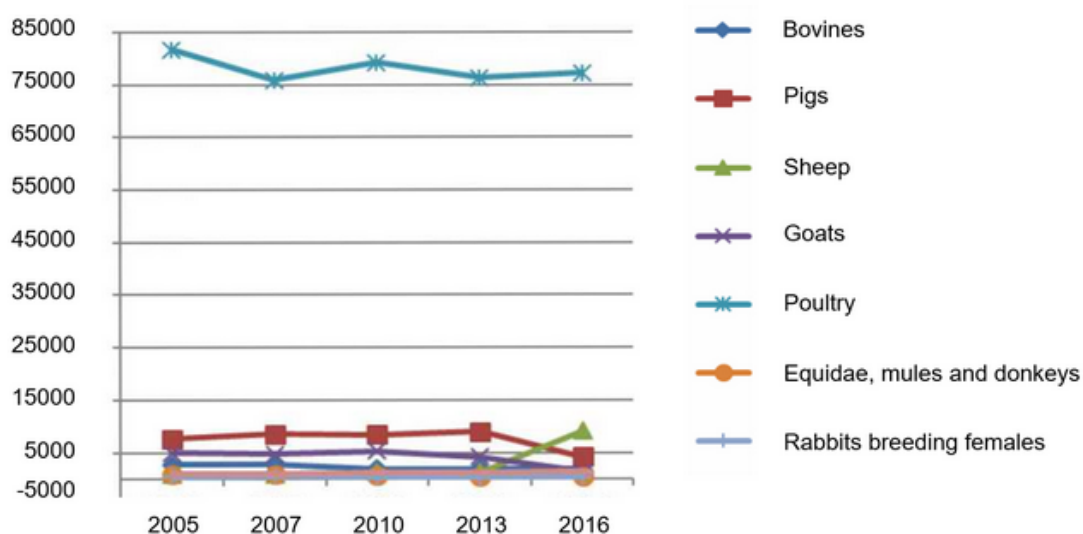
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- **The sharp drop in the number of farms had no major influence on the structure of agricultural holdings.** While the number of farms utilizing less than 5 hectares dropped considerably between 2003 and 2016 (from over 4.2 million to 3.14 million), and the number of farms in the above-100-hectares class grew from 10,270 in 2003 to 12,310 in 2016, the average UAA per holding increased only slightly, from 3.11 ha in 2003 to 3.7 ha in 2016 (for comparison, the EU average for 2016 was 16.5 ha).
- **More than a decade after joining the EU, the Romanian agricultural landscape still remains very fragmented. Over 91% of all farms in the country utilize less than 5 hectares of agricultural land** (the average for the EU is 66%). At the other end of the scale, a small number of large-scale, commercial holdings belonging to the +100 ha class, and representing less than 0.5% of all the farms in the country account for a half of the utilized agricultural area.
- **Romania experienced a very large decrease in the number of farmed animals.** In 2003, more than 7.2 million LSU were kept in Romania. In 2016, the number of farm animals dropped to 3.9 million LSU.

24

- Between 2007, when Romania joined the EU, and 2016, when the last agricultural census took place, the number of bovine animals fell by 27%, the number of pigs by 20%, and the number of poultry by 7%. Only the number of sheep and goats increased during the analyzed period (respectively by 11% and 71%)*.

Chart 4. The evolution of livestock numbers by species in Romania in 2005-2016 (thousands)



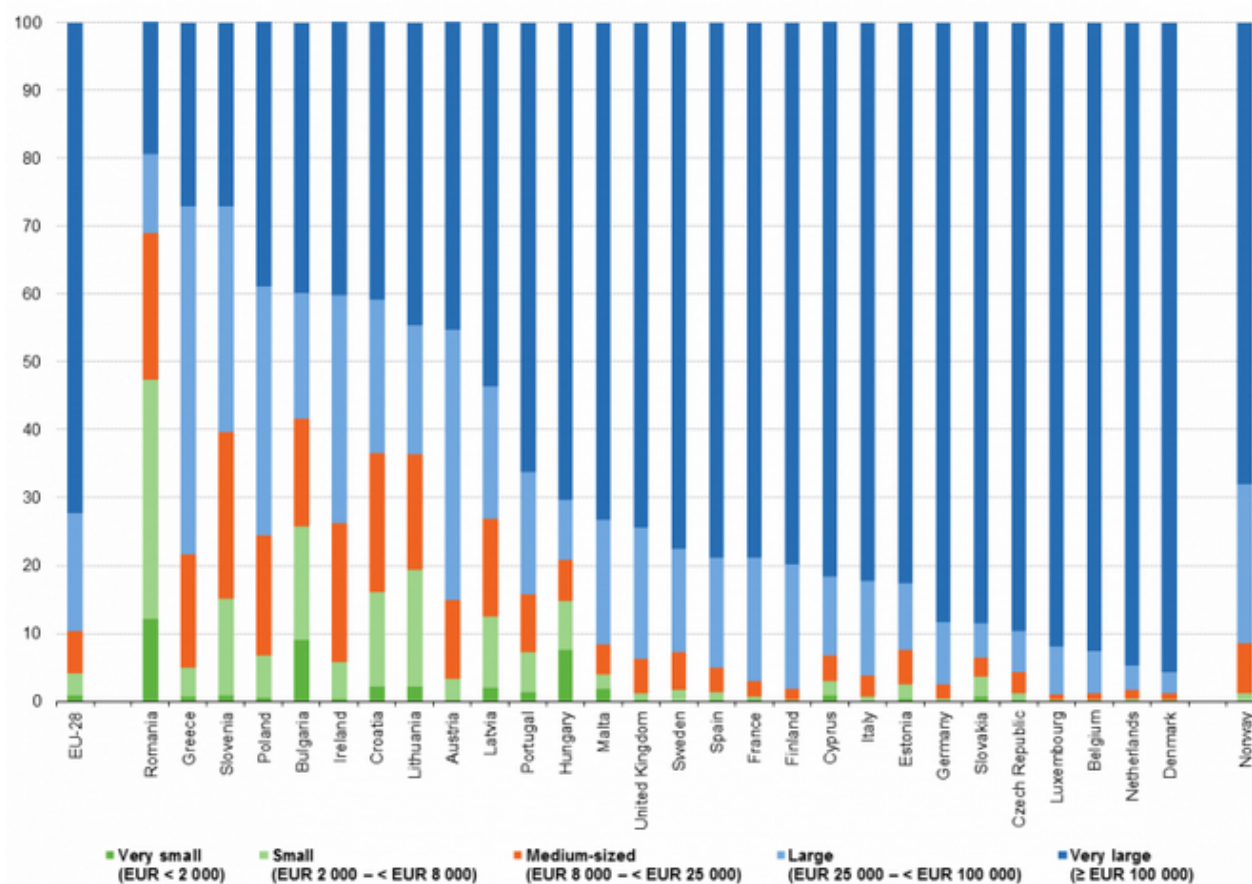
Source: Bularca and Toma 2018: 72.

*This sharp increase in the number of bovine animals results from an increasing demand in the Arab countries. Over 4% of Romanian bovine export goes to countries outside the EU. As a result of the Middle Eastern demand, Romania became the largest live bovine exporter in the world in 2017 (Banes et al. 2019).

25

- The livestock sector in Romania remains just as fragmented as the country's agricultural sector. While in all the other Member States the production of animal-based foods is increasingly dominated by very large, commercial farms, most of the farm animals in Romania are still kept at small to medium farms with standard annual output below EUR 25,000. Romania also stands out within the EU when it comes to its share of livestock units reared on very small farms - they account for 12.2% of the total number. No other Member State recorded a double-digit share in this category (Eurostat 2018: 25).

Chart 5. Share of livestock units, by economic size of farm



Source: Eurostat 2018.

26

- Despite the fragmented nature of the Romanian livestock sector, there are clear signs of ongoing intensification of production within certain subsectors of animal farming. The increasing reliance on intensive production methods is most clearly visible within the broiler chicken sector. Between 2007 and 2016, the total live weight at slaughter increased by more than 34% for poultry in Romania (Grigoras 2017: 134), and this trend is still ongoing (USDA 2020). Most of the said increase results from improvements in “efficiency” achieved by a small number of producers operating at an industrial scale. According to the data published by the Romanian Association of Poultry Meat Producers, up to 60% of the total production of poultry meat is generated by just ten very large poultry farms (FRD 2016: 22)*.
- The nascent trend towards intensification of animal farming reveals itself also in the fact that while the number of animals raised at farms below 5 LSU is falling (from 4,761,770 in 2003 to 2,688,710 in 2010), the number of animals raised at very large farms, belonging to the over-100-LSU class, is increasing (from 719,910 in 2003 to 994,810 in 2010), although at a relatively slow rate.

*There are also some signs of industrialization in the Romanian pig farming sector, but its move towards increased efficiency was halted abruptly by the ongoing African Swine Flu epidemics, which resulted in hundreds of thousands of animals being killed. For example, in August 2018, 140,000 pigs were culled at the country's largest pig breeding farm in Gropeni, Braila, as a result of the ASF outbreak (Reuters 2018).

27

Romania, therefore, remains an outlier among the Member States. 13 years after joining the EU, the country's agricultural sector is still characterized by a strongly polarised farm structure and severe land fragmentation.

The surprising persistence of the small subsistence farms in Romania cannot be explained by the public support that is directed towards them. Out of the 3.42 million Romanian farms, only 834,000 receive direct payments, and over 57% of the beneficiaries receive no more than EUR 500 per year (European Commission 2020c).

Nonetheless, the smallest Romanian farms play an important welfare role. Data shows that 90% of all Romanian farms produce for self-consumption (Muntean et al. 2020: 66). This fact strongly suggests that the major role of small semi-subsistence farms (SSFs) is to ensure food self-sufficiency and lift households out of poverty.

SSFs also “supply food for relatives who live outside the villages. SSFs feature strong diversification, producing a variety of crops, from maize (used both for human and animal food) to potatoes, beans, vegetables, and fruits. Most have one or two dairy cows, a few poultry, and sheep or goats. They only buy food which cannot be produced within the households, such as sugar and oil” (Hubard et al. 2014: 49).

28

The fact that Romanian agriculture still remains underdeveloped (as compared to the other Member States) has encouraged a lot of foreign investments in recent years. As a result of this process, which sometimes takes the form of outright land grabbing (Burja et al. 2020, Bouniol 2013), [the market production of food in Romania has become increasingly dominated by very large companies operating on an international scale](#)^{*}.

This is clearly visible within the livestock sector. For example, [some of the largest cattle farms in the country belong to the company with ties to the Dutch capital, a Danish-held group operates the country's largest pig farms, and the American-owned Smithfield is one of the largest meat processors in the country](#) (FRD 2016). Foreign companies are attracted to invest in Romania not only because of the ample market opportunities the country provides but also because they can benefit from the generous CAP subsidies (Carvajal and Castle 2009).

For example, just one out of several Smithfield Romanian subsidiaries collected over EUR 1,196,000 in public subsidies between 2008-2013, while the Danish-controlled Premium Porc collected EUR 1,739,101 between 2009 and 2011, and several various subsidiaries of DN Agrar (a Dutch-held company) collected payments totaling around EUR 4,000,000 (Open Knowledge Foundation 2017).

^{*}Among the top 100 agricultural companies operating in Romania, there are companies with ties to, among others, USA, Great Britain, Italy, Denmark, Netherlands, France, Spain, Portugal and Lebanon. One particularly large Lebanese company owns a Romanian farm that utilizes 65,000 hectares of agricultural land (Burja et al 2020: 7)

5. AGRICULTURAL DEVELOPMENTS IN EU CANDIDATE COUNTRIES

5.1 EU Association Agreements

The EU has been seeking enhanced cooperation with its neighbors by concluding bilateral treaties and agreements in various domains.

A European Union Association Agreement (AA) is a treaty between the European Union, its Member States and a non-EU country that creates a framework for co-operation between them. Association agreements cover many policy areas, foremost of which is that of economic cooperation - especially in the area of agriculture (Kaditi et al. 2006).

The EU generally enters into association agreements with countries that belong to any of the following three categories:

- countries that have a special historical bond with the EU Member States, the majority of them being former colonies,
- members of the European Free Trade Area (EFTA),
- prospective members of the European Union (Petrov 2015).

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5.2 Ukraine

Ukraine is more than an interesting case in this regard. Of all the EU's neighboring countries, it is by far the one with the largest agricultural potential. Yet, the country has also been struggling with the aftermath of decollectivization and has so far not been able to avoid poverty, lack of social amenities, and environmental degradation in its rural areas (Keyzer et al. 2012).

Relations between the European Union (EU) and Ukraine are shaped through the AA and the Deep and Comprehensive Free Trade Area (DCFTA). The DCFTA has been provisionally applied since 1 January 2016, and the Association Agreement formally entered into force on 1 September 2017, following ratification by all EU Member States.

Ukraine is an EU priority partner within the Eastern Partnership and the European Neighbourhood Policy (ENP). The EU is seeking an increasingly close relationship with Ukraine, going beyond co-operation, towards gradual economic integration and the deepening of political cooperation (Van der Loo 2016).

Besides Russia, Ukraine is the European country with the largest surface area of 603,700 sq km, of which 324,780 is arable land.

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With 45 million inhabitants, its population numbers are low given its size and compared to, say, France (63.5 million people on 549,000 sq km with 183,450 of it being arable), Germany (82.0 million people on 357 000 sq km with 119,450 of it being arable,) or Poland (38.3 million people on 312,700 sq km with 125,390 of it being arable). Therefore, Ukraine has more arable land than any two of these countries put together (Baschenko et al. 2011, Keyzer et al. 2012).

Agricultural production is one of the most important sectors of the Ukrainian economy. In addition to metallurgy, exporting agricultural products is a key source of income for Ukraine received from foreign trade. The most important role in agricultural production in Ukraine is played by large agricultural holdings, most of which are controlled by the Ukrainian capital.

The agri-food sector plays major part in the country's exports and, in some years, generated even more than 40% of its total value (Kyryliuk et al. 2020).

Ukrainian agriculture has been developing steadily in recent years despite the deep economic crises that affected the country due to Russian aggression in 2014-2015 and earlier, during the recession in 2012.

In 2017, agricultural production was 32.9 % higher than in 2010. In 2016, the share of the agricultural sector in the creation of the country's GDP reached 13.72 %, while in 2012, it was about 8%.

32

In the structure of agricultural production, plant production, whose share exceeds 70%, is of key importance. Animal production, which was very much affected by the crisis of the 1990s, is of secondary importance and is based primarily on the production of family-owned farms (Michiel et al. 2012).

In cooperation with professional associations, the Ministry of Economy of Ukraine has recently developed a program for the development of animal production until 2030. Its main focus is on the further development of industrial animal breeding, and an increase in the production of animal-based food products and meat exports. In addition, the program aims to increase the productivity of dairy cows on farms by 11 % by 2030.

According to the Ukrainian statistical office, by the end of 2020, the Ukrainian cattle population will have decreased by 35%, settling at about 3.5 million animals, 1.8 million of them being milking cows. As a result, beef production will also have decreased. In the first half of the year, it amounted to 23.9 thousand tons of chilled and frozen beef, which is a 20% decline compared to the same period last year. Production had already fallen by the same percentage in 2019, coming to just 61.8 thousand tons.

The implementation of the program necessitates an introduction of many legal changes, especially with regard to animal welfare regulations. As things stand now, Ukrainian standards are much more permissive than European laws and regulations.

33

Between 2016 and 2018, imports of Ukrainian animal-based products into the EU almost tripled. Poultry meat imports increased from 35,529 to 105,813 tons, imports of eggs and egg products from 2,125 to 5,731 tons, and dairy products from 1,133 to 6,605 tons.

The increase in Ukrainian imports of poultry meat into the EU is mostly due to Ukrainian producers abusing the trade preferences granted to 'other cuts' - which are fully liberalized - by sending double-boned chicken breasts to the EU duty-free. This forced the European Commission to request a renegotiation of the DCFTA, reaching a compromise by increasing the volume of poultry legally accepted in the EU. This increase means, in turn, an increase in the amount of lower animal welfare chicken meat imported into the EU.

Ukraine is reportedly close to adopting legislation that approximates about 95% of the EU animal welfare laws for farm animals, including broiler chickens, laying hens, pigs, and calves. However, the transition period foreseen for such legislation is said to be extremely long. In fact, the date mentioned by the government officials is 2026 (Zygierewicz 2018).

A draft order* outlining the new Ukrainian animal welfare standards was published on 11 November 2020 to allow for public discussion. The requirements will apply to all species of farm animals.

*Проект наказу
Міністерства
розвитку економіки,
торгівлі та сільського
господарства України
«Про затвердження
Вимог до
благополуччя
сільськогосподарськ
их тварин під час їх
утримання»

34

The same draft order provides for the establishment of additional species-specific requirements for broilers, laying hens, pigs, and calves. An approval of such requirements will help spread the practice of respectful treatment of farm animals in Ukraine, improve their living conditions, preserve their health, and reduce the risk of injury and suffering.

In particular, it is planned to establish:

- guaranteed minimum area for different species of farm animals;
- minimum frequency of inspection of farm animals;
- mandatory free access of animals to drinking water and feed, as well as veterinary services;
- requirements for levels of lighting, noise, gassiness, the safety of materials of premises in which farm animals are kept, etc.

Given the current state of affairs, the transition towards higher animal welfare standards in Ukraine cannot wait too long. The EU must ensure that the new regulations are in place by 2022 at the latest.

More than 93% of the EU consumers want imported products to comply with animal welfare standards equivalent to those applied in the EU, and 89% want the EU to do more to promote animal welfare in third countries (Eurobarometer 2016).

35

It is, therefore, essential for the EU to use its diplomatic powers to make sure that Ukraine approximates its law with the EU *acquis* on animal welfare in a prompt manner.

5.3. Other Countries

The state of agriculture and the scale of livestock production in other candidate countries as well as those associated with the EU (in particular Albania, Georgia, Kosovo, Moldova) vary considerably.

These countries have different land resources, varying conditions for the development of agricultural production, and distinct production structures.

A common feature is the need to support modernization because many farms are underinvested and use underdeveloped technical infrastructure. The quality of soils is quite low, the labor force is in surplus and the transformation of the farm structure is slow.

Joining the EU means for all candidate countries an access to a huge market and potential development of agricultural production, including animal production. This, however, requires the adaptation of domestic legislation to the EU requirements during the accession negotiations. This also applies to the extensive legal issues of animal production and animal welfare within the Common Agricultural Policy.

36

National law on animal health and welfare derives largely from requirements set at the EU level. In relation to animals, this often reflects international standards set by the World Organisation for Animal Health (OIE).

The EU action in these areas is intended to create a single market while safeguarding human and animal health.

It seeks to achieve this by:

- harmonizing the competition conditions in the animal and animal product market across the EU, with regards to both production methods and transport conditions in the food and feed markets,
- protecting consumers from illness and being misled about the contents or quality of their food,
- avoiding costly outbreaks of animal diseases, arising, in some cases, from the intra-EU trade and imports into the EU,
- protecting animal welfare both when they are alive and at the time of slaughter.

The EU candidate countries have lower animal welfare standards than the EU. As a part of the EU integration process, these countries will be required to approximate the EU *acquis* on animal welfare.

37

The current laws and regulations setting standards for animal welfare in the EU are not without problems, however. As the next section will show, there is growing public support for a better legal protection of farm animals in the EU. The need for stricter protection is also recognized by the Chief Veterinary Officers and many other EU government officials.

In response to public pressure, [the European Commission has started working on more stringent animal welfare rules](#). The candidate countries should, therefore, [encourage local farmers to go beyond already existing animal welfare standards](#) (Simonin et al. 2019).

6. CROSS-COMPLIANCE AND FARM ANIMAL WELFARE

In order to receive CAP subsidies, EU farmers are required to follow a number of rules concerning the environment, food safety, animal and plant health, and animal welfare. [The mechanism that links direct payments to the compliance with the relevant EU standards is known as “cross-compliance”](#) (or “conditionality” in the post-2020 CAP).

38

The animal welfare standards that are included within the cross-compliance framework are commonly referred to as the most progressive and far stricter than anywhere else in the world (see e.g. Simonin and Gavinelli 2019). The interplay between farm animal welfare and the Common Agricultural Policy is much more complicated, however (Ryland 2015, Ludwig and O’Gorman 2008, Dullaghan 2020b).

Several strong concerns can be raised regarding the effectiveness of the cross-compliance rules in connection to farm animal welfare:

- The European Union farm animal welfare standards are not as strict as some stakeholders like to claim. The EU has adopted five Directives setting standards for farm animal welfare*. Most of them could indeed be seen as progressive when they were adopted. However, during the last decade, some jurisdictions and many private entities (food producers, restaurant chains, and retailers) have adopted even more strict standards for animal welfare, thus leaving the EU behind (Bollard 2017).

*Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes, Council Directive 2008/119/EC of 18 December 2008 laying down minimum standards for the protection of calves, Council Directive 2008/120/EC of 18 December 2008 laying down minimum standards for the protection of pigs; Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards on the protection of laying hens; Council Directive 2007/43/EC of 28 June 2007 laying down minimum rules for the protection of chickens kept for meat production.

39

- More importantly, the general Directive concerning the protection of animals kept for farming purposes (Council Directive 98/58/EC) is regarded by specialists as unscientific, outdated, and too vague to provide meaningful protection to farm animals (Broom 2017: 16-17 and 26-27).
- The EU animal welfare directives are not all-encompassing. The welfare of 340 million farmed rabbits, 170 million ducks, 150 million turkeys, 100 million sheep and goats, and 22.9 million milking cows is not covered by any species-specific EU law. Among the bovine animals, only calves are protected by a relevant Directive. Parent birds kept for breeding broilers and laying hens are not protected by the laying hens and meat chicken Directives.
- **Farmers need to comply with only three animal welfare directives to be eligible to receive direct CAP payments.** Only the general farm animals directive and two species-specific directives laying down minimum standards for the protection of calves and pigs are included within the cross-compliance framework.
- **Not all CAP beneficiaries have to follow the cross-compliance rules.** Farmers participating in the Small Farmers Scheme (i.e. farmers who are entitled to receive a lump-sum payment between EUR 500 and EUR 1250 in public subsidies) are exempted from cross-compliance penalties.

40

- Such farmers represent 40% of all EU agricultural producers. In some Member States, numbers of farmers participating in the scheme are much higher, e.g. 48% in Portugal, 53% in Italy, 55% in Poland, and 80% in Romania.
- **The cross-compliance rules lack enforcement.** Member States are required to carry out on-the-spot checks to verify if the farmers meet the cross-compliance requirements. However, it is enough to check just 1% of all the CAP beneficiaries within a given country to satisfy this requirement. As a result, **most of the farms receiving public support are never checked in regards to their compliance with animal welfare rules.** When such on-the-spot audits do happen, they are not always thorough, and, in some Member States, the checklists used by inspectors do not include animal welfare requirements (European Court of Auditors 2018).
- **A failure to comply with the cross-compliance rules usually results in just a warning.** Only these cases of non-compliance which constitute a direct risk to public or animal health always lead to a payment reduction or withdrawal. **In rare cases where the reduction is applied, the most frequently used reduction percentage is 3%*.**

*It is worth noting that from the standpoint of legal theory, the concept of cross compliance is highly problematic, since it amounts to a system in which farmers receive monetary compensation for respecting the law. In all other sectors, compliance with legal obligations is ensured by penalizing the lawbreakers. (Heinemann and Weiss 2018: 10).

41

Given the above-mentioned facts, it should not be surprising that the majority of EU citizens (82%) believe the welfare of farmed animals should be better protected than it is now (Eurobarometer 2016).

Significantly, the EU Chief Veterinary Officers are also of the same opinion. More than 80% of them consider the existing EU animal welfare legislation to be not comprehensive enough and believe that there is a need for additional legislation where no detailed legislation currently exists (Council of the European Union 2020).

7. TOWARDS A MORE ANIMAL-FRIENDLY CAP

7.1 The CAP's Second Pillar: an Opportunity for Farmers and Animals

There are several interventions that can be undertaken by national governments within the Pillar II framework that can have a positive impact on both the income levels of agricultural producers, and the welfare of farm animals. The said interventions should be of interest especially to the new Member States and countries that have signed the Association Agreements with the EU. As previously noted, all new Member States go through a transition period during which local farmers have a restricted access to the Pillar I funds.

42

Such restrictions do not apply to the Pillar II measures (Râmniceanu and Ackrill 2007, Mikulcak et al. 2013), which enable the new Member States to provide local farmers with additional public support.

According to the European Commission's newest proposal, **in the 2021-2027 programming period, CAP will retain its two-pillar structure, but interventions under both will be combined into one "strategic plan" for all CAP expenditure** (European Commission 2018). Each Member State will be required to develop a strategic plan, setting out their proposed interventions.

All such strategic plans will be submitted to the European Commission for evaluation and approval before they are implemented. To be approved, a given plan will need to be sufficiently aligned with the nine key objectives set by the Commission for the EU agricultural sector.

One of the objectives set by the European Commission is specifically linked to farm animal welfare - "to improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, as well as animal welfare" (European Commission 2018). **Farmers who voluntarily undertake actions that contribute to this goal, known in the EU legal nomenclature as "the management commitments", may be supported by the Member States with special animal welfare premiums.**

43

Such premiums are intended to compensate farmers for the increasing costs (or reductions in earnings) resulting from the implementation of various improvements that go beyond the minimum requirements for animal welfare established by their national and EU laws.

These improvements may include “commitments” such as reduction in stock density, structural adaptations (better temperature and air quality control, improved manure management), as well as food optimization, or hygiene and sanitation interventions.

Animal welfare premiums have been available to European farmers for many years now, yet they remain underutilized. In the 2007-2013 programming period, 15 Member States spent EUR 1 billion on the animal welfare measure. In the current period (2014-2020), 18 Member States allocated EUR 1.5 billion for this purpose. This sum amounts to only 1.5 % of the total expenditure for all Pillar II measures.

7.2. The European Green Deal and the Farm to Fork Strategy: Possible Implications of the Current CAP Reform Proposal for Farm Animal Welfare

The European Green Deal announced by the European Commission in December 2019 is a new EU strategy for environmental and climate protection. In the coming years, the deal will provide a guideline to the majority of the Union’s activities, and lead to many far-reaching legal changes that will affect all sectors of the EU economy (Sikora 2020).

44

The Common Agricultural Policy, in particular, will undergo a major “greening” reform (Erjavec and Erjavec 2015).

The “From Farm to Fork” strategy (hereinafter F2F), launched in May 2020, is the first major EU effort to redesign CAP and the system of agricultural subsidies to better support four environmental goals: sustainable food production, sustainable food processing and distribution, sustainable food consumption, and food loss and waste prevention (Schebesta and Candel 2020).

The strategy should be of major concern not only to the current Member States but also to countries that have signed Association Agreements with the EU, as it provides a roadmap to where the Common Agricultural Policy is heading.

Livestock farming is one of the sectors that will be the most affected by the F2F provisions (European Commission 2020b). The strategy highlights four areas of concern: 1) the negative environmental and climate impacts of the current levels of production of animal-sourced foods, 2) the need to shift from an animal-based to a plant-based diet in order to reduce the risk of life-threatening diseases, 3) the fact that the excessive use of antibiotics in farmed animals increases antimicrobial resistance, and, last but not least, 4) the need to increase the level of farmed animal welfare (Massot Marti 2020).

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The F2F Draft Action Plan outlines several EU initiatives affecting livestock farming, the most important of which is the planned evaluation and revision of the EU legislation on farm animal welfare, including their transport and slaughter.

In its 2020 Work Programme, the European Commission listed the evaluation of the EU animal welfare strategy as a major policy objective. [Among the proposals that the Commission is considering for future adoption, there are options for animal welfare labeling.](#)

If the proposal is adopted, [the producers of animal-sourced foods sold in the EU will be required to provide consumers with information on the welfare standards applied in the production of meat and dairy products](#) (a similar requirement already exists for table eggs, see (EC) No 1028/2006).

Countries whose livestock sector still relies heavily on extensive production techniques, which are usually more animal friendly than methods used by concentrated animal feeding operations, should welcome this initiative as it will enhance opportunities for their farmers. A recent poll shows that [European consumers attach great importance to animal welfare, and want to receive more information on the conditions in which farm animals are raised and slaughtered](#) (Eurobarometer 2016).

46

Another important initiative that, if adopted, will have a major impact on the animal farming industry in the EU, is the Commission's proposal for a revision of the Feed Additives Regulation (Regulation (EC) No 1831/2003) which aims to reduce the environmental impact of livestock farming (in particular, the methane and nitrous oxide emissions).

In order to improve the sustainability of livestock farms and increase animal welfare, the European Commission will facilitate placing on the market innovative feed additives that help to reduce the carbon footprint of animal farming.

The Commission will also examine the EU rules to lower the dependency on soy grown on deforested land by fostering EU-grown plant proteins, as well as alternative feed materials such as insects, algae, and fish waste. Here, again, the countries that do not solely rely on intensive farming operations are well-positioned to benefit from these policies.

The European Commission also plans to take necessary action to mitigate the growing problem of antimicrobial resistance, which is linked to the excessive and inappropriate use of antibiotics in animal health. [The F2F Strategy sets a plan to reduce the overall EU sales of antimicrobials for farm animals and in aquaculture by 50% between 2017 and 2030](#) (Massot Marti 2020). Countries where antibiotics are not routinely used to treat farm animals will be able to adapt more easily to new EU standards.

7.3 Opportunities for Animal Welfare Organizations

Animal welfare organizations have been instrumental in raising awareness about the plight of animals kept in intensive farming operations. [Investigations conducted at the so-called factory farms have been especially effective in generating public interest in farm animal welfare.](#)

Organizations conducting such investigations usually focus their efforts on media outreach. There is, however, another mechanism that animal welfare organizations can utilize to great effect when uncovering cases of cruelty and/or neglect at farms.

All Member States provide their citizens with a possibility to notify appropriate authorities about the cases of suspected non-compliance with the local regulations and/or EU law. [There are several instances where formal complaints filed by animal welfare organizations have led to official inquiries into intensive animal farming practices](#) (Dullaghan 2020b).

For example, a petition filed by the Danish Animal Welfare Society resulted in an official report issued by the European Parliament on routine tail-docking in pigs (a cruel practice that was banned in the EU in 1994, and yet, is still widely practiced all around Europe; see European Parliament 2020: 8).

48

Another area where the involvement of animal welfare organizations may result in better compliance with the already existing animal welfare regulations is farmers' education.

According to the EU Chief Veterinary Officers, many breaches in animal welfare regulations result from the fact that the relevant EU laws are unclear and difficult to comprehend to non-specialists (Council of the European Union 2020: 5).

This problem provides animal welfare organizations with an opportunity to issue various materials (brochures, websites, etc.) that clearly explain any appropriate standards to farmers and other stakeholders.

Such explainers should also encourage farmers to go beyond the minimum welfare requirements prescribed by the EU law. This will make them eligible to receive animal welfare premiums, and enable them to reach growing numbers of consumers for whom animal welfare is a major concern.

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